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ABSTRACT

In this policy statement adopted by the Vermont Higher Education Planning Commission, the cultural and economic benefits of higher education to the state are discussed. A growing financial problem affecting student access and the health of both public and private institutions is identified. Declining state financial support of higher education as compared to other states' per capita appropriations and as a percent of Vermont's state budget are outlined. Four policy recommendations are presented: (1) to restore higher education's portion of the state general fund budget to 15 percent; (2) to stabilize in-state tuition at the state colleges and university; (3) to increase the average student grant awarded by the state student assistance agency; and (4) to fund a private tuition-differential grant program under which a student could be awarded a grant to cover up to one-half the public-private tuition difference to attend a private Vermont college. The policy statement is supported by tables showing enrollment trends, per capita tax support, high school graduates' plans, and trends in state appropriations. (Author/LBH)

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ED138155

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FINANCING ACCESS TO POSTSECONDARY EDUCATION IN VERMONT

Policy Statement Summary

During the 1975-76 academic year 23 Vermont institutions of higher education (6 public, 17 private) enrolled 8978 students from Vermont, approximately 7000 (78.8%) in public institutions and 1900 (21.2%) in private institutions.

While contributing substantially to the cultural environment of the State, in 1975 Vermont's 23 institutions spent $112 million, 75% of which went to personal services, and an additional $8 million was spent locally by students. At least 2/3 of the $120 million in direct expenditures came from out-of-state.

A decline in the already marginal public support of Vermont's schools is evidenced by:

1. The State contributes only 16.9% of UVM's total budget--the lowest percentage contribution in the country;
2. State Colleges receive 41% of their budgets from State funding vs. a national average of 72%;
3. Higher education's portion of Vermont's total State budget has been shrinking; and as a result,
4. Vermont's in-state tuition for the State Colleges and the University is the highest in the country.

Vermont Student Assistance Corporation grants have not kept pace with increasing costs:

	1968-69	1976-77 (Est.)
Total Cost of Attending University (Est.)	$2195	$3500
Average VSAC Grant per Student	440	500
Average Remaining Cost per Scholarship Student	$1755	$3000

Even with VSAC's policy of awarding an additional $150 to recipients attending private institutions, the impact of declining scholarship aid on the private sector is particularly severe.

The percentage of Vermont high school graduates continuing into postsecondary education has dropped from 51% in 1969 to 42% in 1975.

Therefore, Commission policy proposals include:

(1) Restoring higher education's portion of the State budget to 15%;
(2) Stabilizing in-state tuition at public institutions;
(3) Strengthening VSAC; and
(4) Increasing VSAC private tuition differential grant.

Vermont Higher Education Planning Commission
September 1976

HE 008 208

FINANCING ACCESS TO POSTSECONDARY EDUCATION IN VERMONT

Policy Statement By
The Vermont Higher Education
Planning Commission
September 1976

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I. The Case for Higher Education in Vermont

At the present time there are 23 institutions of higher education in Vermont, 6 in the public sector and 17 in the private sector.

a) Educational Impact

During the 1975-1976 academic year, these institutions enrolled a total of 8978 full-time undergraduate students from the State of Vermont. Over 7000 of these students (or 78.8%) attended public institutions within the State, while another 1900 (or 21.2%) attended private institutions within the State. (Appendix I.)

b) Cultural and Economic Impact

The State's higher education institutions play a major role in the State's cultural life and economy. The 23 institutions, located throughout the State, enrich the quality of life at both the community and regional level through the provision of concerts, public lectures, athletic events, and the like.

These institutions also have a potent impact on the State's economy. In 1975, Vermont's colleges and universities spent $112,000,000 in current operations with an estimated 75% of these expenditures covering faculty and staff payrolls. At least another $8,000,000 was spent by students in addition to their direct college charges. Applying a conservative multiplier* of 2.5 of the direct expenditures reported, our higher education institutions had a total impact on the State's economy of $300,000,000, with at least two-thirds of these funds coming from out-of-state.

If the economic health of any industrial employer outside the field of higher education were threatened, the State would make efforts, as a matter of economic policy, to strengthen and hold that industry. Such, for example was the case in recent years for General Electric in Ludlow, The Lowell Abestos Mine, and the St. Johnsbury and Lamoille County Railroad. It should be an objective of Vermont's government to maintain the well-being of our post-

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* This means that each dollar expended is spent again within the state by successive firms or individuals an average of two-and-a-half times within a year of the initial transaction. The 2.5 multiplier is believed to reflect a reasonable estimate, although its accuracy has not been documented by a specific study. An extremely conservative multiplier of 1.5 would show an estimated higher education impact on the State's economy of $180,000,000, while a more liberal multiplier of 3.0 would indicate an estimated economic impact of $360,000,000. The point is that higher education represents a very substantial economic activity in Vermont, whatever multiplier is used.

secondary education institutions as part of the long-range public policy objective of achieving a healthy and balanced State economy especially since our higher education industry is environmentally clean and helps to enrich the quality of life throughout the State.

II. The Problem

Although Vermont's higher education institutions make a major contribution to the State, many of these institutions are in serious trouble.

a) Public Sector Support

The State has been contributing a declining share of its budgetary resources to the public sector institutions (i.e., the University of Vermont, the four campus based State Colleges, and the Community College) in recent years. For example, the University of Vermont currently receives only 16.9% of its total budget through State funding, which constitutes by far the lowest percentage of state contribution to any state university in the country. In a similar vein, the Vermont State Colleges receive only 41% of their total budget from State funds, whereas the national average state contribution to state colleges is 72% of total budget.

There is a similar slippage in terms of tax effort. In 1970, Vermont ranked 28th among the 50 states in per capita tax support for higher education, with the State's per capita contribution being very close to the national average (100.8%). By 1976 we had slipped to 44th among the 50 states, and our per capita tax support had dropped to only 72.4% of the national average. (Appendix II.)

Due to their declining share of State assistance, both the University of Vermont and the State Colleges have been forced to place increased reliance on in-state (as well as out-of-state) tuition. As a result, at the present time the in-state tuition at the University of Vermont is the highest of any state university in the United States, while the in-state tuition at the State Colleges is the highest among any of the state college groupings in the United States.

b) VSAC Support

While state government support of public institutions has been slipping, the same has been true with respect to the private sector. The main way that Vermont's private higher education institutions benefit from state funding is through scholarships which are awarded by the Vermont Student Assistance Corporation (VSAC) to Vermont students who attend private institutions. During the past five years, the VSAC budget has remained relatively level, receiving an appropriation of $2.4 million in 1972 versus $2.8 million in fiscal year 1977. During this same period the number of Vermont students applying for VSAC scholarships to attend both public and private institutions has risen from 4975 in 1972 to 8700 for the

1976-77 academic year. Thus, the state appropriation for VSAC has increased by only 16% during the five year period when the number of applications has grown by 81%.

Since the number of scholarship applicants from Vermont has almost doubled during a period of level funding, it has been necessary to cut the amount of assistance awards to applicants in order to balance the budget. These cuts have affected both public and private institutions in Vermont. The average VSAC grant to a student attending the University of Vermont in 1969 amounted to $440. Since the total cost of attending the University in that year was estimated at $2195, the difference which had to be made up from other sources (including family contributions, work/study earnings and loans) was $1755. During the 1976-77 academic year it is estimated that the average VSAC grant for a Vermont student attending the University of Vermont will be $500, a slight increase over 1969. However, the costs of attending the University have risen to $3500, leaving a difference of $3000 which students must make up from other sources.

The scholarship situation would be even worse if it were not for the fact that the federal government has initiated a Basic Educational Opportunity Grant (BEOG) program which provides partial scholarship assistance to help lower income students finance their postsecondary education. However, even if the BEOG grants are taken into account, the burden on individual Vermont students to finance postsecondary education costs has risen dramatically, to a point where many students can no longer afford to obtain an education beyond the high school level without increasingly heavy reliance on outside loans, sometimes for unrealistically large amounts in terms of future ability to repay.

This declining scholarship assistance relative to actual student costs has had a severe impact on both the public and private institutions (especially the latter where tuitions are much higher and have risen more rapidly). At the present time VSAC is following a policy of awarding an additional $150 scholarship differential to students who attend private higher education institutions within the State. However, this differential in no way covers the substantially higher tuition fees which our private institutions must charge. As a result, the impact of declining scholarship aid on the private sector is particularly severe.

To summarize, State support of higher education in Vermont has declined to a point where it is threatening the health and well-being of all our higher education institutions, both public and private. Specific institutions have already been forced to take drastic measures in the attempt to ensure survival, including Windham College in Putney, and Vermont College in Montpelier. In general terms, the percentage of Vermont high school graduates continuing into postsecondary education has dropped from 51% in 1969 to 42% in 1975. (Appendix III.)

If present trends continue, it is inevitable that additional institutions will be threatened in terms of their very survival while the percentage of students continuing into postsecondary education will decline even further.

III. The Policy Proposals

In examining the present crisis, one fact with respect to State funding of postsecondary education becomes abundantly clear.

During the course of the past few years the percentage share of State General Fund revenues which has gone into the support of higher education has declined. During fiscal year 1970, 15.1% of the total General Fund expenditures was allocated for higher education, including debt service for state-financed college buildings. In the fiscal year 1977 appropriation, this has dropped to 13.4% of General Fund expenditures. (Appendix IV.) While the actual dollars allocated to higher education increased due to growth in the total General Fund, the percentage of the pie allocated to higher education has gotten consistently smaller each fiscal year.

The Vermont Higher Education Planning Commission believes that, as a matter of public policy, the State should move to restore its future support of higher education back to the level of 15% of the total General Fund which would mean an additional 1.6% of the General Fund over the 13.4% which was allocated in fiscal year 1977. If such a percentage increase in the allocation of the General Fund could be realized, the additional revenues would provide the minimum levels of financial support which are badly needed to strengthen our higher education programs. This minimum restoration would support the following policy objectives which could play a major role in strengthening the health of our higher education programs:

1. IN-STATE TUITION STABILIZATION FOR VERMONT STUDENTS

In light of the fact that Vermont already bears the highest in-state tuition at both the University and State Colleges levels, it would be highly desirable to provide sufficient increased state support to adopt a program of tuition stabilization for Vermont students for a fixed period of time to encourage these students to enroll in our public institutions with the knowledge that they will not be subjected to an increasing spiral of ever-higher expenditures while they are completing their college education.

Under the present system, a Vermont student who enrolls in the first year at a public institution has no guarantee that he will not be subjected to two or possibly three tuition increases before completing his education. This has a negative psychological impact on student access which tends to discourage students from even beginning their education. A program of in-state tuition stabilization at our public institutions could play a major role in encouraging Vermonters to attend these institutions in the years ahead.

2. STRENGTHEN VSAC GRANT PROGRAM

Since VSAC grants support Vermonters who attend both our public and private institutions, it is essential that the State provide higher levels of support for this important scholarship activity in order to help students meet their increased college costs.

As was outlined in Section II, the gap between scholarship awards and total costs of higher education has increased drastically during the past five years. It is essential that this gap be narrowed in the immediate future if we are to encourage our young people to take advantage of a postsecondary education.

3. INCREASED VSAC "TUITION DIFFERENTIAL" GRANTS

As was noted earlier, VSAC follows a policy of providing an additional $150 tuition differential award to Vermont students attending private institutions in the State to help cover the higher tuition fees which are levied by these institutions. However, this $150 tuition differential in no way comes near covering the actual difference between tuition charges in our public and private institutions.

It is recommended that sufficient state funds be provided to increase VSAC awards to a point where they will cover up to one-half of the public-private tuition differential of any needy Vermonter who elects to attend a private institution within the State. We believe that such a policy is justified in terms of allowing students freedom of choice in achieving access to institutions which best meet their needs, while also strengthening the private sector of our higher education system.

If the above policy proposals are adopted based on a restoration of 15% of the General Fund to support higher education, the State of Vermont will be taking a significant step toward alleviating the current crisis situation. These policy proposals also promise to have other long-range benefits. During the worst period of the recession in 1975 while the national average unemployment rate was 8% of all employees, the unemployment rate for college graduates was only 2.9%. Within Vermont, the 1970 census found that Vermonters with college degrees earned 59% more annually than those who did not continue their postsecondary education.

A college education helps people develop the skills which enable them to make a contribution to the long-range welfare of the State, and the great majority of college graduates turn out to be productive taxpayers who contribute to the ongoing health of Vermont's economy. As a result, the public policy proposals we have suggested should provide both short-range and long-range benefits of great importance to the State of Vermont.

Vermont Higher Education Planning Commission
Pavilion Office Building - 5th Floor
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APPENDIX I

ENROLLMENT INCREASES

FULL-TIME UNDERGRADUATE VERMONTERS IN VERMONT HIGHER EDUCATION INSTITUTIONS 1968-1975
FALL ENROLLMENT

Institution	1968	1969	1970	1971	1972	1973	1974	1975
Public								
Castleton State College	730	880	772	841	797	844	913	1,133
Community College of Vermont							70	240
Johnson State College	478	545	649	847	862	742	879	777
Lyndon State College	355	439	520	507	405	379	392	447
University of Vermont	3,404	3,184	3,942	3,922	4,204	4,136	4,136	4,049
Vermont Technical College	409	473	432	387	481	381	357	429
TOTAL PUBLIC INSTITUTIONS	5,376	5,526	6,315	6,504	6,749	6,482	6,747	7,075
	77.4%	79.1%	82.4%	82.3%	79.7%	78.6%	77.5%	78.8%
Private								
Bennington College	16	26	11	10	14	13	19	14
Champlain College	452	460	409	453	462	495	585	558
College of St. Joseph the Provider	38	202	207	85	106	117	142	133
Concord College					37	16		
Goddard College	44	53	65	46	176	193	145	137
Green Mountain College	16	17	25	23	25	32	32	34
Marlboro College	20	22	20	22	16	19	22	24
Middlebury College	80	73	79	86	114	100	106	102
Norwich University	125	111	126	110	113	122	253	276
Royalton College	2			1				
St. Michael's College	345	175	182	187	177	170	171	163
School for International Training		4	2	0	0	7	10	3
Southern Vermont College	126	NA	NA	93	207	143	210	238
Trinity College	170	186	125	123	126	163	197	150
Vermont College (Division of Norwich University)	63	47	37	80	92	86	(in Norwich Univ.)	
Vermont Institute of Community Involvement						16	23	22
Windham College	71	86	60	75	56	71	46	49
TOTAL PRIVATE INSTITUTIONS	1,568	1,462	1,348	1,394	1,721	1,763	1,961	1,903
	22.6%	20.9%	17.6%	17.7%	20.3%	21.4%	22.5%	21.2%
TOTAL, ALL VERMONT INSTITUTIONS	6,944	6,988	7,663	7,898	8,470	8,245	8,708	8,978
	100%	100%	100%	100%	100%	100%	100%	100%

Vermont Higher Education Planning Commission
August 1976

Source: State Department of Education

APPENDIX II

PER CAPITA TAX SUPPORT DECREASES

TRENDS IN STATE PER CAPITA TAX SUPPORT OF HIGHER EDUCATION AND PER CAPITA INCOME 1968-1976

Per Capita State Tax Support of Higher Education

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
Vermont	$25.92	$30.89	$33.71	$34.62	$36.24	$39.77	$42.81	$42.75
United States	25.56	30.66	34.98	37.85	41.46	46.19	51.86	59.01
Vermont Rank	28th	28th	28th	35th	38th	38th	40th	44th
VT % of U.S.	101.4%	100.8%	96.4%	91.5%	87.4%	86.1%	82.5%	72.4%

Per Capita Personal Income

	1968	1969	1970	1971	1972	1973	1974	1975[P]
Vermont	$3,031	$3,261	$3,468	$3,674	$3,885	$4,227	$4,535	$4,925
United States	3,457	3,733	3,966	4,195	4,537	5,023	5,449	5,834
Vermont Rank	31st	32nd	33rd	32nd	35th	39th	41st	38th
VT % of U.S.	87.7%	87.4%	87.4%	87.6%	85.6%	84.2%	83.2%	84.4%

Percent of Per Capita Income Used in Tax Support of Higher Education*

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76[P]
Vermont	.855%	.947%	.972%	.942%	.933%	.941%	.944%	.870%
United States	.739%	.821%	.882%	.902%	.914%	.920%	.952%	1.011%
Vermont Rank	-	-	-	-	-	25th	31st	40th
VT % of U.S.	115.7%	115.3%	110.2%	104.4%	102.1%	102.3%	99.2%	86.1%

P - Preliminary figures on per capita personal income for 1975, from April 1976 Survey of Current Business.

* - Comparing per capita personal income for calendar years to per capita tax support of higher education the school year ending six months later.

Sources: State tax support for operating expenses of higher education from M.M. Chambers of Illinois State University; Population estimates from U.S. Bureau of the Census; Per capita personal income from Survey of Current Business of the U.S. Department of Commerce.

Vermont Higher Education Planning Commission
July 30, 1976

APPENDIX III

VERMONT HIGH SCHOOL
GRADUATES CONTINUING EDUCATION

WHAT VERMONT HIGH SCHOOL STUDENTS DO AFTER GRADUATION

1969-1975

Type of Institution or Activity	69		70		71		72		73		74		75	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
4-YR. COLLEGE PROGRAMS														
Public	1186	18	1439	20	1448	20	1362	18	1311	17	1342	18	1251	16
Private	161	2	148	2	157	2	166	2	174	2	172	2	177	2
Out-of-State	733	11	723	10	633	9	659	9	762	10	694	9	739	10
Total 4-Yr. Programs	2080	31	2310	32	2238	31	2187	29	2247	29	2208	29	2167	28
2-YR. COLLEGE PROGRAMS														
Public	204	3	201	3	186	3	206	3	152	2	169	2	196	3
Private	262	4	247	3	271	4	292	4	290	4	315	4	319	4
Out-of-State	283	4	295	4	266	4	199	3	209	3	218	3	235	3
Total 2-Yr. Programs	749	11	743	10	723	10	697	9	651	8	702	9	750	10
TOTAL HIGHER EDUCATION	2829	42	3053	43	2961	41	2884	38	2898	37	2910	39	2917	38
OTHER EDUCATION BEYOND HIGH SCHOOL														
Public (Includes High School Postgraduates)	195	3	186	3	210	3	173	2	133	2	137	2	168	2
Private	171	3	147	2	117	2	71	1	62	1	68	1	65	1
Out-of-State	222	3	153	2	158	2	145	2	132	2	76	0	75	1
Total Other Education Beyond High School	588	9	486	7	485	7	389	5	327	4	281	4	308	4
TOTAL CONTINUING EDUCATION	3417	51%	3539	50%	3446	48%	3273	44%	3225	42%	3191	42%	3225	42%
GRADUATES NOT CONTINUING THEIR EDUCATION														
Military Service	451	7	424	6	354	5	396	5	357	5	402	5	497	6
Job (in Vermont)	2058	30	2208	31	2260	31	2556	34	2987	39	2843	38	2776	36
Job (Out-of-State)	139	2	135	2	128	2	202	3	216	3	185	2	204	3
Homemaking	305	5	347	5	347	5	386	5	371	5	*	*	*	*
Not in School or Employed	222	3	306	4	494	7	460	6	370	5	732	10	837	11
Location Unknown	154	2	152	2	165	2	244	3	217	3	177	2	196	3
Deceased	3	0	4	0	3	0	2	0	8	0	5	0	18	0
Total Not Continuing Ed.	3332	49	3576	50	3751	52	4246	56	4526	58	4344	58	4528	58
TOTAL NUMBER HIGH SCHOOL GRADUATES	6749	100	7115	100	7197	100	7519	100	7751	100	7535	100	7753	100

*Starting 1974 this data on students entering homemaking is no longer being collected.
Source: Vermont Department of Education, Study of Vermont High School Graduates.
Vermont Higher Education Planning Commission, C/O Department of Budget and Management.
April 16, 1976

APPENDIX IV

GENERAL FUND PERCENTAGE DECREASES

VERMONT GENERAL FUND EXPENDITURES FOR EDUCATION 1970-1977

(In Thousands)

Fiscal Years

Agency or Program	1970	1971	1972	1973	1974	1975	Approp. 1976	Approp. 1977
IGHER EDUCATION								
niversity of Vermont	8,355	8,957	8,962	9,529	10,633[3]	11,367[3]	11,292	11,199
ermont State Colleges	3,454	3,833	3,834	4,055	4,475[3]	4,976[3]	5,140	5,090
T Student Assistance Corp.	1,135	1,326	2,395	2,877[1]	2,320	2,805	2,815	2,790
enatorial & Other Scholarships	86	86	79	83	85	91	96	96
.E. Higher Education Compact	39	45	45	22	32	26	26	15
ermont Educational Television	204	202	225[3]	221[3]	224	298[3]	243	233
(Higher Educ. Part, Est. 40%)	-	-	-	-	-	-	-	-
VM Morgan Horse Farm	-	-	15	-	20	20	10	5
eterinary Student Contract (in VSAC approp.)	-	-	-	-	-	-	25	50
OTAL HIGHER EDUCATION DIRECT EXPEND.	13,273	14,449	15,555	16,787	17,819	19,583	19,647	19,478
ercent of Total General Fund	13.6%	12.7%	13.0%	12.6%	12.2%	11.8%	12.1%	11.6%
st. Higher Ed. Debt Service[2]	1,482	2,060	2,404	2,644	2,830	2,965	3,021	3,051
OTAL HIGHER EDUCATION INCLUDING DEBT SERVICE	14,755	16,509	17,959	19,431	20,649	22,548	22,668	22,529
ercent of Total General Fund	15.1%	14.6%	15.0%	14.6%	14.1%	13.6%	14.0%	13.4%

OTES:

. $372,000 of this amount was made available for FY 1974.

. Estimated debt service costs were calculated by determining the percentage of the state's total cumulative General Fund Bond authorizations attributable to construction at UVM and the State Colleges and to school construction, respectively; then applying these percentages to the actual debt service charges for bonded indebtedness two years following authorizations; calculated as a three year moving average.

. Includes expenditures or appropriations for capital projects from General Fund surplus of current or prior years (not Bond Funds).

Vermont Higher Education Planning Commission
August 1976